

Liz Hofacre's opening statement to the Committee on Oversight and Government Reform, July 18, 2013

"Chairman Issa, Ranking Member Cummings, and members of the committee: Since 1999 I have been an IRS employee in the office of Exempt Organizations (EO Determinations) in Cincinnati. As of April of 2010, my position was an EO Determinations Specialist. At the time, I had been assigned to serve as the Emerging Issues Coordinator. In this role, I was tasked with handling applications that had been identified as emerging issues.

"In late April, I was assigned by my supervisor to handle all applications that had been identified as applications by tea party groups applying for 501(c)(3) or 501(c)(4) exemption status. Initially, around April 30, 2010, approximately 20 tea party applications were assigned to me. Subsequently I received a steady flow of tea party applications. There were occasions when other agents sent to me applications from liberal or non-tea party groups. When that occurred, pursuant to the instructions I had been given to me, I would send those applications to General Inventory, since they were not within the scope of the tea party emerging issue.

"Around the same time that these applications were assigned to me, I also learned that two tea party applications had been assigned to Carter Hull in EO Technical in Washington, DC. I was told I was to coordinate the review of these applications assigned to me with Mr. Hull. I called Mr. Hull. He sent me the development letters that he had prepared for the applications assigned to him to use as examples for my applications. Mr. Hull requested that I send to him drafts of the development letters I was writing for my applications and he subsequently asked me to send him copies of the applications as well.

“At the beginning of the process when I sent my draft letters to Mr. Hull, he would call me with suggested edits to the letters. I would make the edits and send them to the applicants. When I received responses from the applicants, I notified Mr. Hull, who asked that I send copies of the responses to him as well. I do not remember how many such responses I received. I would estimate 15-25. At no point did I receive any guidance from Mr. Hull or anyone else as what to do with these responses. Similarly, beginning sometime in the summer of 2010 when I sent draft development letters to Mr. Hull, I received no guidance from him or anyone else at EO Technical as to those letters.

In my experience, this was a highly unusual process. I've never before had to send development letters that I had drafted to EO Technical for review and I never before had to send copies of applications and responses that were assigned to me to EO Technical for review. I was frustrated because of what I perceived as micro-management with respect to these applications. I also received numerous calls from applicants asking about the status of these applicants. I was only able to tell the applicants that their applications were under review. I became very frustrated because until I received guidance from EO Technical, I was unable to process these applications.

“I expressed my concerns to Mr. Hull and my supervisor at the time, Steve Bowling. As a result of this frustration, in July 2010, I applied for a transfer to Quality Assurance and in October 2010 I received the requested transfer. When that occurred, these cases that I had been assigned were re-assigned to another agent. To the best of my recollection, I had a total of 40-60 tea party cases assigned to me at that time.

“In July and August 2010, I attended several meetings with Mr. Bowling and another manager, John Wadell (sp) at which I was informed of the creation of the BOLO list. They told me that the purpose of the list was to consolidate into a single document all the instructions that agents received about certain applications.

The BOLO list was a new tab that was added to an existing spread sheet that other descriptions of groups and instructions to agents. In August, 2010, Mr. Wadell (sp) told me the language that should be added to the BOLO list with respect to tea party groups. After adding the language, I sent the document first to Mr. Wadell (sp) for his review. Mr. Wadell (sp) then told me to send the document to Cindy Thomas and a couple of other managers. A few days later he told me to email the list to everyone else in EO Determinations in Cincinnati. I accidentally emailed the list to everyone in Rules and Agreements, including agents in Washington, DC.

"Since October 2010, I have had no direct involvement in the processing and review of tea party applications, aside from occasionally reviewing them in the course of my Quality Assurance responsibilities. In December 2011 and January 2012, I attended two to three meetings regarding the creation of a team to process tea party applications that had been held awaiting guidance. I provided this group with development letters that I had drafted in 2010. I had no role in the processing of tea party applications following those meetings."